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SENATE BILL 78

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

INTRODUCED BY

Sue Wilson Beffort

FOR THE WATER AND NATURAL RESOURCES COMMITTEE

AN ACT

RELATING TO TAXATION; ENACTING A NEW SECTION OF THE GROSS RECEIPTS AND COMPENSATING TAX ACT; PROVIDING A TAX CREDIT FOR IMPAIRED WATER TREATMENT ASSISTANCE BY NATIONAL LABORATORIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Gross Receipts and Compensating Tax Act is enacted to read:

"~~[NEW MATERIAL]~~ TAX CREDIT AGAINST GROSS RECEIPTS TAXES--
RATE-- AGGREGATE LIMIT. --

A. After July 1, 2004, a tax credit in an amount equal to the qualified expenditures made to provide impaired water treatment assistance by a national laboratory may be claimed against the amounts owed and paid pursuant to the Gross Receipts and Compensating Tax Act in the prior calendar year. The expenditures for impaired water treatment assistance shall

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1 be provided on each month's gross receipts and compensating tax
2 return filed by the national laboratory. The tax credit is to
3 encourage a national laboratory to partner with New Mexico
4 entities and to leverage federal funding and national
5 laboratory expertise to assist water providers, managers and
6 users in New Mexico in developing and implementing new
7 technologies to create new water resources through the
8 treatment of impaired waters. Qualified expenditures:

9 (1) shall be rendered to a partner responsible
10 for water located in New Mexico that certifies to the national
11 laboratory that the impaired water treatment assistance
12 provided is not otherwise available at a reasonable cost
13 through private industry;

14 (2) shall be made prior to the application for
15 the tax credit;

16 (3) shall be limited to twenty-five thousand
17 dollars (\$25,000) per partner per calendar year for technical
18 assistance that may include information sharing, analysis,
19 laboratory testing and educational outreach;

20 (4) shall be limited to seventy-five thousand
21 dollars (\$75,000) per partner per calendar year for technology
22 development and demonstration that may include field testing,
23 modeling, engineering analysis and design to facilitate
24 maturation and demonstration of emerging technologies with high
25 potential for treatment and use of impaired water;

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1 (5) shall not exceed two million dollars
2 (\$2,000,000) in the total aggregate per calendar year; and

3 (6) may include employee salaries and wages,
4 fringe benefits and employer payroll taxes; administrative
5 costs that shall not total more than seventy-five percent of
6 the total qualified expenditures; in-state travel expenses and
7 per diem and mileage at the internal revenue service standard
8 rates; and supplies and services of contractors to the
9 provision of impaired water treatment assistance.

10 B. A national laboratory that receives a tax credit
11 pursuant to this section shall, within thirty days of each
12 calendar quarter, submit to the department a report that
13 contains:

14 (1) the name and address, including the
15 county, of each partner assisted during the calendar quarter;

16 (2) certification from the partner that the
17 same service was not available for a reasonable cost from
18 private industry and documentation by the national laboratory
19 that it exerted due diligence to determine that such assistance
20 was not otherwise available;

21 (3) the qualified expenditures attributed to
22 each partner;

23 (4) a description of the impaired water
24 treatment assistance provided or received; and

25 (5) the name of the provider of the impaired

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1 water treatment assistance to the partner.

2 C. A national laboratory that receives a tax credit
3 pursuant to this section shall produce by June 30 of each year
4 and present to the department an annual report that:

5 (1) the summarizes the results from the
6 quarterly reports;

7 (2) identifies the number of projects
8 initiated, continuing and completed for the year;

9 (3) provides an assessment of the benefits
10 derived by the state or local governments or communities due to
11 the assistance provided; and

12 (4) summarizes the total expenditures and the
13 amount of tax credit claimed for the calendar year covered in
14 the report.

15 D. As used in this section:

16 (1) "contractor" means an individual or legal
17 entity, or a unit, subdivision or agency of the state or of the
18 federal or a tribal government that enters into a contract with
19 a national laboratory to support the laboratory in providing
20 assistance in resolving water issues;

21 (2) "impaired water" means water containing
22 constituents or contaminants that make it unsuitable for common
23 use, including heavy metals, toxic or hazardous chemicals or
24 potentially toxic or hazardous chemicals, elevated levels of
25 salts or sediments or other waters requiring treatment for

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1 common agricultural, industrial, commercial, residential,
2 recreational or potable use;

3 (3) "impaired water treatment assistance"
4 means all activities entered into to provide impaired water
5 treatment assistance to develop and test new technologies for
6 the treatment of impaired water to partners by a national
7 laboratory or its contractors;

8 (4) "national laboratory" means a prime
9 contractor designated as a national laboratory by act of
10 congress that is operating a taxable entity in New Mexico; and

11 (5) "partner" means an individual or a legal
12 entity, or a unit, subdivision or agency of the state or of a
13 tribal government that is located in New Mexico and that uses,
14 provides, administers or impacts water resources in the state."